

COVID-19 Cooperatives at the forefront of the recovery*

* This chapter is a follow-up to “Impact and Reactions of Cooperatives to Covid-19” in the World Cooperative Monitor 2020 report. Both chapters focus on large cooperatives and cooperative groups, with the first chapter providing further discussion of cooperative characteristics that make them particularly suited to contributing to the recovery.

Over the past year and a half, people's lives and the economy have been heavily impacted by COVID-19. According to data from the World Health Organisation (WHO), as of 24 May 2021, there have been over 166 million confirmed cases of COVID-19 and more than 3.4 million deaths unevenly distributed around the world (WHO, 2021).

While developed countries faced challenges related to the overloading of their health services, in developing countries the pandemic has affected weak health systems and jeopardized the gains made in health and development in recent decades. In these countries, increased job insecurity has exacerbated poverty and economic deprivation and, even in more developed countries, COVID-19 has driven up unemployment and inactivity rates with consequent effects on household poverty, reaching peaks not seen since the 2008 economic crisis (ISTAT, 2021). COVID-19 has thus deepened and amplified existing disparities, further aggravating conditions for precarious sectors and underscoring the possible health, economic, social, and ecological repercussions of environmental disasters, economic crises, and other situations of uncertainty in the future (Köhler et al., 2020).

In recent months, thanks largely to measures to contain the spread of the virus and the increasing number of vaccinations being distributed, the spread of the virus is slowing down, and health systems in several countries around the world are showing better resilience. This is coupled with a faster-than-expected global economic recovery in the second half of 2020. As the latest report released by the Organization for Economic Cooperation and Development (OECD) points out, GDP growth will come in at 5.1% in 2021 and 4% in 2022 (OECD, 2021).

Underlying these global figures are differing rates of recovery, some less positive, in many economies. Indeed, many countries are predicted to experience output and income levels below pre-pandemic levels through the end of 2022. OECD employment data, for example, make clear that even within the fastest recovering countries, there are divergent trends among economic sectors, with leisure, hospitality, transport, and wholesale and retail trade, among others, struggling as a result of the social distancing measures put in place by individual countries to contain the spread of the virus (OECD, 2021).

In this context, governments of various countries around the world have tried to protect families and businesses by implementing emergency policies in the spheres of health, economy, and taxation. As reiterated by the Secretary General of the United Nations António Guterres:¹

"Pandemic recovery is our chance to change course. With smart policies and the right investments, we can chart a path that brings health to all, revives economies and builds resilience and rescues biodiversity [...]. The time has come to...align public and private financial flows with the Paris Agreement commitments and the Sustainable Development Goals (SDGs)".

¹ <https://news.un.org/en/story/2021/01/1081772>

Indeed, many of the plans proposed by national governments look beyond the emergency phase towards the restart and recovery phase with a view to boosting the national economy and household incomes to trigger changes in the sustainability of economic activity.

For change to really take hold, governments, businesses, and families must take an active role in implementing changes in their own behaviour and, in this regard, it seems useful to reflect on how cooperatives, especially large cooperatives – due to the valuable impact they can have on suppliers, clients, and the communities in which they operate – can contribute to overcoming the emergency situation and launching a new phase of growth.

COOPERATIVES FACING COVID-19

As last year's World Cooperative Monitor report (EURICSE-ICA, 2020) highlighted, cooperatives were also severely impacted by COVID-19, but nevertheless took actions to address the challenges posed by the pandemic, confirming the resilience they have shown in previous periods of crisis in large part due to their structural characteristics (Birchall and Ketilson, 2009; Roelants et al., 2012).

During the year and a half of this pandemic, agricultural cooperatives, for example, make it possible for small producers to share risks and to access the market and re-invest in their own activities (United Nations, 2021). The activities promoted by housing cooperatives in Central America demonstrate their ability to promote the well-being of vulnerable individuals and, more generally, of the communities in which they operate (Zapata, 2021). Solidarity and social networking are the keywords behind the initiatives promoted by Italian consumer cooperatives, which, having registered an increase in their revenues during the pandemic months, donated their profits to local community cooperatives (Billiet et al., 2021).

To further explore actions taken by large cooperatives, the World Cooperative Monitor team carried out a series of 29 interviews with large cooperatives² around the world to assess the impact of COVID-19, their reactions in the emergency as well as the actions they plan to implement in the recovery phase.

ADAPTIVE MEASURES

The analysis of the data collected found, unsurprisingly, that the extent of the actions promoted by cooperatives depends, first, on the severity of the COVID-19 impact in the territory in which they operate.

² The large cooperatives were identified thanks to the support of the International Cooperative Think Tank (ICETT) with additional support from the ICA regional offices in Asia-Pacific, Africa and Americas. The criterion adopted in the process of selection of the cooperatives to be interviewed is the size of the cooperatives relative to the size of the domestic economy of the country in which they operate. Therefore, selected cooperatives can be considered key players in the countries in which they operate. See the list in the appendix.

Second, in the regions where the spread of the virus has been greater, the interviews clearly show that cooperatives are still strongly oriented towards the management of day-to-day activities in an emergency situation with actions that have now become part of the daily life of many people. All cooperatives interviewed had introduced procedures for hand sanitizing, the use of masks and airway protection, teleworking, and other safety devices for workers, members, and clients.

Consumer cooperatives, such as the Japanese Consumers' Co-operative Union (Japan), enhanced home delivery services to deliver groceries to members' homes; some, such as Coop Norge (Norway) through agreements with the national postal service, others by mobilizing volunteers as in the case of The Midcounties Co-operative (The United Kingdom), which engaged more than 1,000 volunteers and 100 community groups to make over 100,000 deliveries to members.

SUPPORTIVE MEASURES FOR MEMBERS AND THE COMMUNITY

Several actions were promoted by the large cooperatives interviewed to support their members and communities during the pandemic.

In multiple countries, agricultural producers have experienced declines in sales due to the temporary cessation of activities of restaurants, bars, or other clients. In Japan, for example, in the spring of 2020, schools were shut down and the demand for school meals suddenly disappeared. Since schools are the main customers for milk, some milk producers suffering from stockpiled inventory posted messages on social media that they would start dumping milk unless they found alternative demand. Consumers responded to the posts, started encouraging milk drinking, and the consumption of milk increased. Zen-Noh supported the spread of the message by tweeting creative ways of consuming milk. One of the posts was retweeted more than 150 thousand times and gathered 350 thousand likes.

Insurance and credit cooperatives have activated tools, in some cases promoted at the government level, to alleviate the debt position of families and businesses in the months of the pandemic, and also plan medium to long-term actions to support the activities of their members during the recovery phase. For example, the Kilimanjaro Cooperative Bank Ltd. (Tanzania) granted funds to cooperatives for purchasing crops and storage since, due to a lack of exports, many crops had rotted and very few were actually sold. The Co-operative Bank of Kenya Ltd. (Kenya) foresees, in the midterm, granting moratoria on interest and principal repayment, restructuring loan repayment, and short-term financing for operations, while the Odua Cooperative Conglomerate Ltd. (Nigeria) plans to inject funds at low interest rates to help their members continue growing. The Federación de Asociaciones Cooperativas de Ahorro y Crédito de El Salvador (El Salvador), which aims to facilitate lines of credit for microenterprises, takes the same position with the idea that making services more accessible will help reactivate the economy.

As immediate support for communities, several cooperatives launched programs to donate medical products or funds to support families and economic activities.

Examples are the actions promoted by the Indian Farmers Fertiliser Cooperative Limited (IFFCO) and the Krishak Bharati Cooperative Ltd (Kribhco) in India. Due to the pandemic, which hit India hard in recent months, hospitals are running out of oxygen to treat patients in many areas of the country. IFFCO and Kribhco are building oxygen plants in different areas of the country that will supply the health sector for free (see the box).

The Istituto Trentino Alto-Adige per Assicurazioni (ITAS, Italy) donated personal protective equipment and medical devices for the region as well. Moreover, shareholder's representatives donated their attendance fees to some voluntary associations, and the mutual organization implemented a one million "benefit of mutuality" to help insured members most affected by the pandemic crisis, specifically commercial and tourism businesses. Along the same line, the Kenya Union of Savings and Credit Co-operatives contributed toward a kitty, and the money was given to vulnerable members in the form of shopping vouchers to cater to their basic needs.

Likewise, Sancor Seguros (Argentina) organized a collection among the company's employees to contribute to different institutions, non-governmental organizations, food banks, hospitals, etc. A direct contribution from the company was added to the amount collected. Moreover, North Foodstuffs (New Zealand), together with Foodstuffs South Island, supported (and continue to support), 54 social organizations across New Zealand that fed, supported, housed, and lifted up those who were adversely impacted by COVID-19.

MID AND LONG-TERM MEASURES TO ENCOURAGE BUSINESS INNOVATION

Plans for medium to long-term activities of other enterprises interviewed mainly relate to reorganising future activities to ensure the smooth running of the organisations, but the interviews also revealed interesting medium to long-term actions that impact not only the life of the cooperative, but also elucidate the role that cooperatives may assume in the recovery phase and in the years to come.

S Group (Finland), for example, with the goal of being prepared for various disturbances and exceptional situations as well as ensuring continuity during times of crisis, is working on processes for procurement, distribution, and storage activities. Together with other companies and authorities, it is also working to develop security for the supply of grocery products.

Among all the actions promoted to support their members and clients during the pandemic, the Grupo Cooperativo Cajamar (Spain) launched a new service for the elderly that allows senior citizens to have access to cash without leaving their homes through a new home banking service provided by the staff of each municipality. Moreover, they launched a volunteer program in response to isolation problems in the elderly population due to

increased restrictions. A group of employee volunteers contacted elderly customers via telephone to take an interest in them, accompany them, and remind them of basic security measures to protect their personal data.

As Coopeuch (Chile) pointed out, guaranteeing the effective functioning of a cooperative means guaranteeing jobs. For Coopeuch, new business models based on digital tools are the basis for achieving this objective, as it is essential to have flexible strategic planning that can serve as a roadmap for medium and long-term strategic objectives.

Finally, another example is Fundación Espriu (Spain), which, during the months of the pandemic, supplemented the public health system to prevent its collapse. Extraordinary measures had to be taken to meet the growing needs of patients and the increased workload of health professionals. The pandemic made it even more evident that the future of medicine depends on new technologies and the ability to foster the digital transformation, adapt facilities, and train professionals. In addition, it led management to identify certain procedures conducive to telemedicine practice, all with the goal of creating the right environment for doctors to practice their profession and for users to receive the best possible healthcare. To design a people-centred management model, all stakeholders, including professionals and patients, must have representation on the governing bodies.

STRENGTHENING THE COMMUNITY WITH VARIOUS PARTNERS

The case of Fundación Espriu highlights the crucial role that cooperatives can have in strengthening and rethinking health systems. In an evolving society characterized by ever-expanding and diversifying needs, health and social systems will be increasingly called upon to recognize these needs and produce personalized responses. Designing such processes must involve the users. The ability of cooperatives to involve a variety of actors in the design of social and general interest services will be crucial (Diesis, Euricse, 2021). This need is not new, but it has been made even more evident by the pandemic.

Beyond the social and general interest services, cooperatives also contribute to overcome the pandemic by strengthening their community together with various partners.

During the months of the pandemic, Coopetarrazú (Costa Rica) supported the creation of a Covid Centre in coordination with the Tarrazú Municipality, the National Emergency Commission, the Ministry of Health, international clients, and other private organisations. In addition, the cooperative will promote the improvement of production areas (members and suppliers) on the path to sustainable agriculture.

Similarly, Foodstuff NZ North Island (New Zealand) will improve and invest in the Here for NZ project³ to continue making a difference in local food poverty and further support local communities.

³ <https://www.foodstuffs.co.nz/here-for-nz>

COVID-19: LARGE COOPERATIVES' RESPONSE IN SOME OF THE HARDEST-HIT NATIONS

Looking at WHO data from the end of May 2021, more than three-quarters of the reported COVID-19 cases were in the Americas and Europe, which had 6,114 and 5,562 cases per 100,000, respectively (WHO, 2021). Almost half (48%) of all reported COVID-19-associated deaths have occurred in the Americas and one-third (34%) in Europe. Among the most affected countries are the United Kingdom, Brazil, and India. India alone accounts for more than 80% of reported cases in Asia.

In Brazil, cooperatives continue to play a fundamental role in supporting the most fragile workers, who have been hit hard by the pandemic⁴. Unimed, the top-ranking cooperative in the WCM health sector ranking, provides especially vital support to the Brazilian health system's fight against the novel coronavirus. During the pandemic, Unimed strengthened health unit structures, increasing the number of beds and services and building field hospitals⁵. Unimed also initiated a campaign aimed at raising awareness of the importance of vaccinations—both for those vaccinated and the communities in which they live.

Unimed's prevention and assistance initiatives have also supported communities by donating food and medical supplies and providing advice and support to local governments. For example, in addition to donating 35 tons of food baskets and hygiene products to socially vulnerable communities in the Belo Horizonte metropolitan region, Unimed-BH supplied the municipality the technology needed for online coronavirus-related consultation, providing essential medical assistance to the Minas Gerais capital⁶.

During the first wave of the COVID-19 pandemic in India, large Indian cooperatives supported people and communities across the country through a variety of actions⁷. AMUL, the Punjab State Cooperative Milk Producer's Federation Ltd. (MILKFED), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), and MARKFED supported farmers and other citizens by providing basic services that were not guaranteed due to the lockdown. The National cooperative Union of India (NCUI), the Indian Farmers Fertiliser Cooperative (IFFCO), the Krishak Bharati Cooperative Limited (KRIBHCO), AMUL, the Self-Employed Women's Association (SEWA), and the Uralungal Labour Contract Cooperative Society (ULCCS), made generous donations by mobilizing various financial resources, including contributions from their employees' salaries. IFFCO and KRIBHCO also distributed masks, sanitizers, PPE kits, and food.

⁴ <https://iloblog.org/2020/07/03/how-cooperatives-can-help-brazils-waste-pickers-build-back-from-covid-19/>

⁵ <https://www.unimed.coop.br/home/imprensa/noticias-unimed/listagem-noticias/unimeds-reforcam-suas-estruturas-para-cuidar-das-vitimas-da-covid-19>

⁶ <https://www.unimed.coop.br/site/-/unimed-bh-adere-ao-movimento-unidos-pela-vacina-e-doa-materiais-para-apoio-%C3%A0-vacina%C3%A7%C3%A3o?redirect=%2Fsite%2F>

⁷ <https://www.ica.coop/en/newsroom/news/cooperatives-stand-test-time-once-again-india>

It was during the second wave of the pandemic, however, that the cooperatives really became critical. When oxygen supplies began to run low, the fertilizer cooperative IFFCO established four oxygen plants in Uttar Pradesh, Gujarat, and Odisha at its own expense to provide free oxygen to the population, inspiring other large cooperatives. KRIBHCO, for example, decided to produce oxygen in its two plants, and other regional and local cooperatives followed suit. These cooperative initiatives have been recognized by the Indian government, which encouraged fertilizer companies to follow the cooperatives' example by supporting the provision of oxygen to rural areas.

Moreover, data from Kerala seems to confirm the role of cooperatives in countering the spread of the virus. As NCUI points out, Kerala has effectively managed the pandemic maintaining a low mortality rate despite its high rate of infection. The state has a strong cooperative presence, including within the health sector. The state has more than eight hundred thousand cooperatives spread across about 90% of its villages engaged in most areas of socioeconomic activity, including health⁸. This, once again, raises the question of what contributions these cooperatives can make to rethinking and strengthening village health systems.

The situation in India has raised attention in several areas of the world. In the UK, a number of British retail members expressed the urgent need to extend their collective support and solidarity to their Indian colleagues. Co-operatives UK coordinated a funding call to support cooperative members in India during the escalating COVID crisis across the country. Funding for essential medical equipment was granted to SEWA Co-operative Federation, which currently works with 106 women's co-ops all around India.

The commitment of British cooperatives has been relevant not only internationally but also nationally. The Midcounties Co-operative (the United Kingdom), through their regional community programme, enables members, colleagues, and community groups to work together to develop cooperative solutions to local issues. Moreover, they actively supported the economy of local communities by broadening their local supplier base and developing closer working ties with their suppliers. During the pandemic, their local supplier base was actively expanded to support local businesses in crisis, increasing the number of suppliers to 200 by the end of 2020. They worked more closely than ever with them to provide support and keep the shelves stocked in what became a difficult environment. The cooperative focused not only on short-term actions but they developed revive (mid-term) and thrive (longer term) plans across all its trading groups to help rebuild the economy and develop cooperative solutions⁹. And this is just one example of how the British cooperative movement is looking to the future by taking an active role in rebuilding and defining a more inclusive, green, and cooperative economy¹⁰.

⁸ <https://ncui.coop/wp-content/uploads/2021/05/The-Cooperator-MAY-2021.pdf.pdf>

⁹ <https://www.ica.coop/en/newsroom/news/how-cooperative-values-shaped-midcounties-cooperatives-approach-covid-19>

¹⁰ https://www.uk.coop/sites/default/files/2020-10/we_are_the_rebuilders.pdf

CONCLUSION

With the virus still traveling at different speeds in different areas of the world, many cooperatives operating in the areas most affected by the pandemic are still grappling with the day-to-day management of their activities in the emergency phase. However, actions promoted during the pandemic show some preliminary indications of the potential for action by cooperatives in the recovery phase to spread an economic model that is more sustainable and more inclusive. Participation and attention to members and a community focus are key points that have guided cooperatives' actions in recent months. These actions could be the pillars for disseminating a business model that embraces the goals promoted by the 2030 Agenda in terms of human rights, fair labor, environmental sustainability, and sustainable growth.¹¹

The large cooperatives interviewed have a clear idea of what their activity focus should be in the coming years: growing organizations while keeping cooperative principles and values in mind, investing in local suppliers, supporting communities, and working to reduce social inequalities exposed by the pandemic. Only research and data collected over the next few years will tell us how many cooperatives have succeeded.

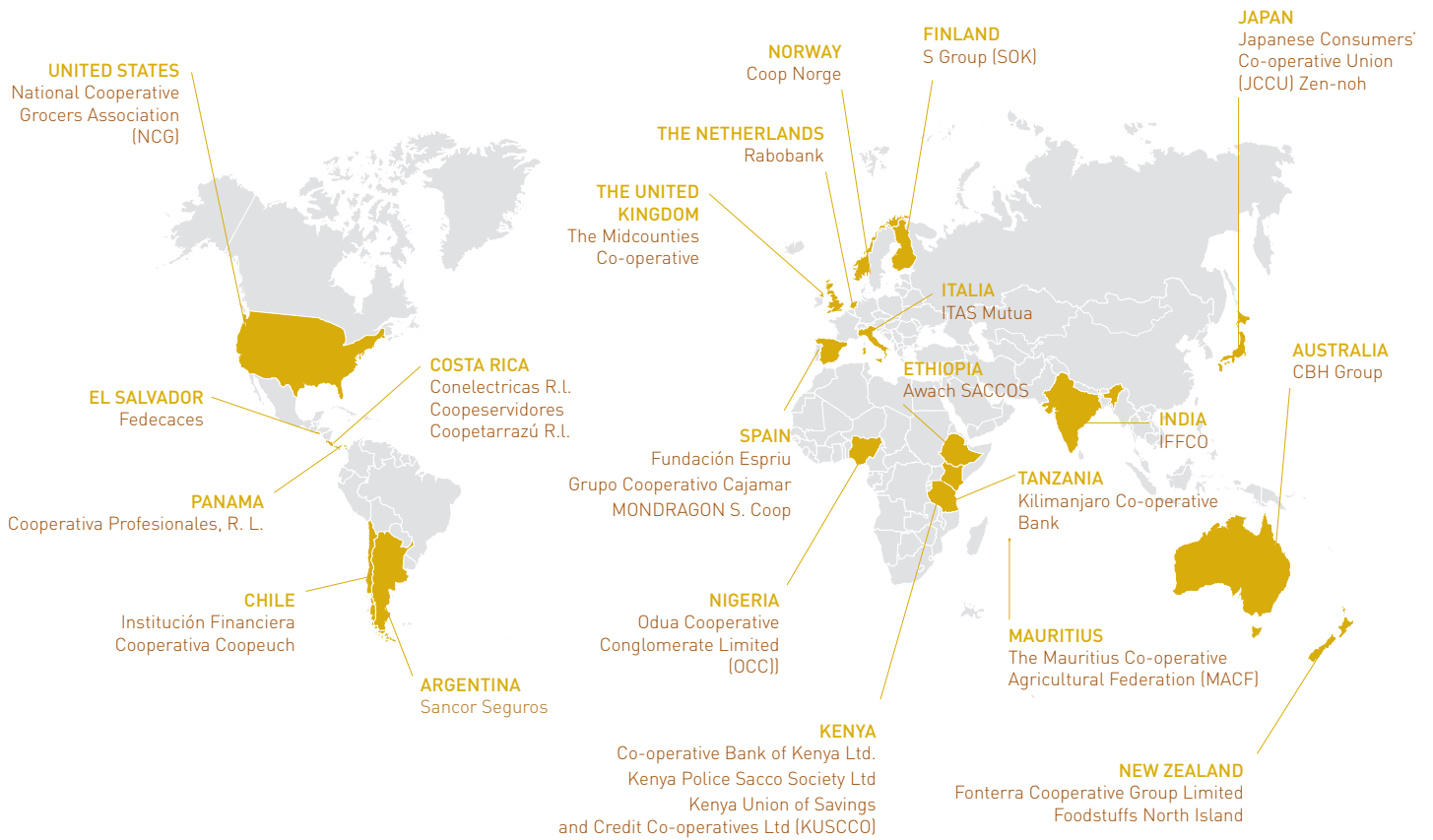
¹¹ For a discussion on the role of cooperatives in economic and social development and recommendations emerging from the UN expert group meeting on the topic see "Rebuilding and realizing a resilient global society through cooperatives" (Develtere and Papoutsis, 2021)

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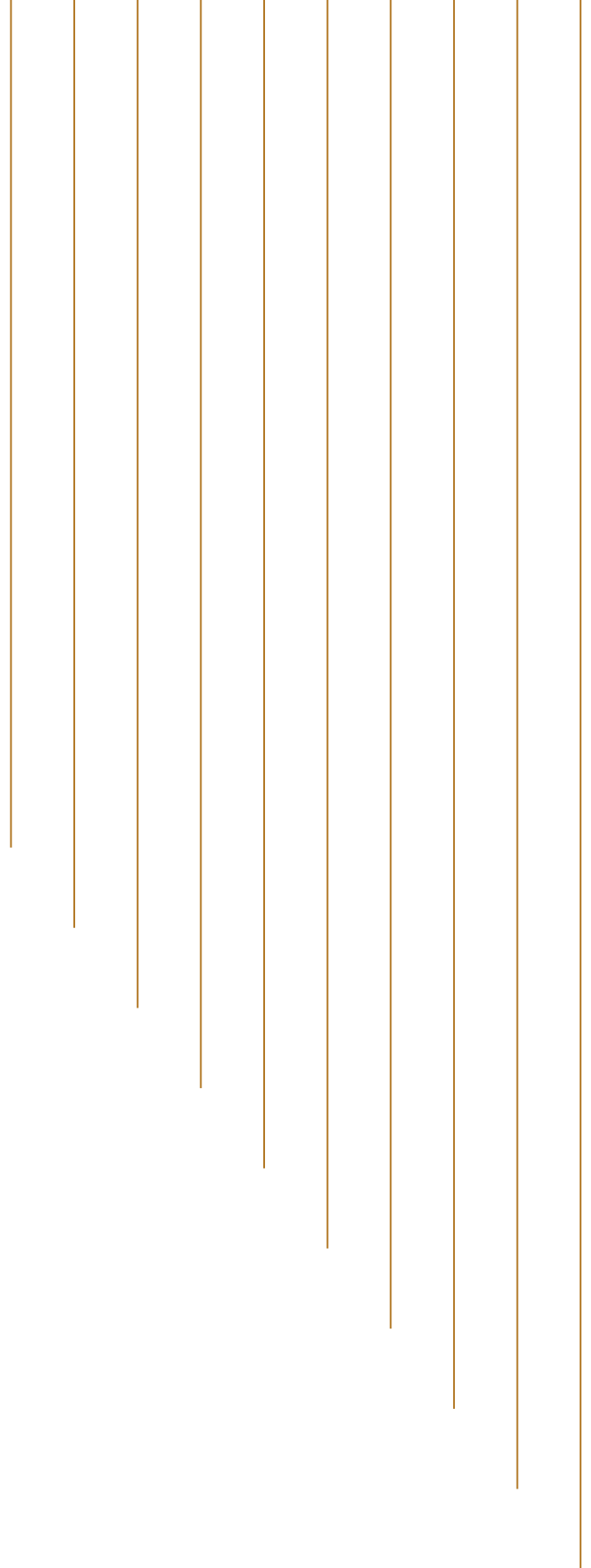
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APPENDIX

COOPERATIVES THAT CONTRIBUTED TO THE RESEARCH



COVID-19: THE FOREFRONT OF THE RECOVERY



Extract from World Cooperative Monitor 2021 Report.

FULL REPORT AVAILABLE AT **WWW.MONITOR.COOP**